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Prime Minister's schedule, August 22

NIKKEI (Page 2) (Full)
August 23, 2007

Morning

Left the Taj Mahal Hotel in Delhi, India. Attended a welcoming ceremony held at the presidential residence. Offered flowers at the Raj Ghat Mahatma Gandhi memorial. Delivered a speech at the Indian parliament. Met President Patil at his official residence.

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Noon

Met Minister of External Affairs Mukherjee at the Taj Mahal Hotel. Dined with Indian economic organization leaders at the Le Meridien New Delhi.

Afternoon

Met Lower House leader Advani At the Taj Mahal Hotel.

Evening

Held summit talks with Prime Minister Singh at the Hyderabad House. Signed a joint statement. Received a set of proposals from the Japan-India Business Leaders Forum. Held a joint press conference. Attended a dinner party hosted by Prime Minister Singh.

4) Japan, India confirm efforts to tackle global warming; heads of state issue joint statement

Asahi Shimbun (Page 1) (Excerpts)
August 23, 2007

By Kimitaka Nishiyama

New Delhi - Prime Minister Shinzo Abe, who is visiting India, met with his Indian counterpart Manmohan Singh in New Delhi on the evening of 22 August (on the night of the same day, Japan time). At the meeting, Abe explained his own-proposed global warming countermeasure aimed at reducing global greenhouse gas emissions. In response, Singh said that he "approves" of the measure, but stressed that India will promote reduction efforts in a manner that will not hinder its own economic development. Although the meeting opened the way for cooperation over future efforts to tackle global warming, it appears that creating a concrete roadmap will face tough going. Prime Minister Abe refrained from expressing a clear stance on whether Japan will support the "US-India nuclear treaty" as asked by India. Abe said that Japan "will carefully study it." Meanwhile, Pakistani President Pervez Musharraf requested Defense Minister Yuriko Koike, who is visiting Pakistan, that Japan continue Self-Defense Force's refueling mission and extend the anti-terrorism special measures law.

At the Japan-India summit, Prime Minister Abe elaborated on the "beautiful planet 50" initiative aimed at halving greenhouse gas emissions by 2050 with the participation of large producers of the emissions. The prime minister also called on India to participate in the formulation of a framework after the "Kyoto Protocol," which obliges mainly developed countries to reduce the emissions.

Prime Minister Singh expressed approval of Abe's proposal, saying, "The proposal will contribute greatly to discussions in the international community." He also indicated that India will "seriously consider" joining the formulation of the post-Kyoto Protocol framework.

5) In speech at India's parliament, Prime Minister Abe emphasizes significance of cooperation with eye on "economy" and in effort to contain "China's moves"

TOKYO SHIMBUN (Page 2) (Excerpts)
August 23, 2007

Satoshi Harada, New Delhi

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Prime Minister Shinzo Abe yesterday met with Prime Minister Singh in New Delhi and delivered a speech at the parliament of India. When he was planning to make a tour of Asian countries, Abe first picked India to visit. Abe's sudden approach to India reflects his desire to step up economic cooperation, and it is also seen as an attempt to forestall China, which is rising in prominence in Asia.

"I'm convinced of the importance of the friendship between India and Japan. I'm sure it will strike a chord in both sides' hearts."

In the speech at the parliament, Abe reiterated that he had a sense of affinity with India. During summit talks with Singh, Abe indicated his plan to help India improve its social capital so that Japan could invest more in India. Abe also set a target of doubling trade in value terms between the two countries in three years.

The reason why Abe is enthusiastic about stepping up economic cooperation with India is because doing so is indispensable for Japan's growth strategy given its declining population. India has a population of 1.027 billion persons, the second largest in the world after China. Its population is on the rapid rise. Abe wants to introduce India's vitality into the Japanese economy.

Also, in terms of power balance in the international community, Abe attaches importance to India. Abe has hammered out a foreign policy of beefing up strategic dialogue among Japan, India, the United States, and Australia, as countries that share the values of "freedom, democracy, basic human rights, and the rule of law." In the speech here in India, too, Abe emphasized the significance of cooperation among those four countries.

It is obvious that this policy strategy has come about out a conscious awareness of China, whose social system is different from those of the other four countries.

6) Pakistan asks Japan to extend MSDF mission

SANKEI (Page 5) (Full)
August 23, 2007

Kyodo

ISLAMABAD-Defense Minister Yuri Koike met with Pakistan's President Musharraf and Prime Minister Aziz in the suburbs of Islamabad on Aug. 22 local time.

Japan's Maritime Self-Defense Force has been staging its vessels in the Indian Ocean to refuel naval vessels from the United States, Pakistan, and other foreign countries under the Antiterrorism Special Measures Law. In this connection, Koike explained that the law is to expire Nov. 1. Musharraf asked Koike to extend the law, saying: "We need the MSDF's activities for our continued participation (in antiterror operations). I really want their mission extended."

Koike indicated that the government would endeavor to extend the law in this fall's extraordinary Diet session, saying, "The government will continue to make efforts to obtain the opposition parties' understanding."

Aziz stressed that Japan, should it discontinue its activities,

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would give a negative message to the international community. Koike also met with Pakistan's Defense Minister Iqbal. In their meeting, Iqbal said it would be difficult for Pakistan to continue its activities without Japan's assistance. With this, the Pakistani defense minister indicated that Pakistan, based on cooperation in the Indian Ocean, wants to step up defense exchanges.

7) Former DPJ President Maehara favors extension of the Antiterrorism Special Measures Law

YOMIURI (Page 4) (Full)
August 23, 2007

Seiji Maehara, former president of the Democratic Party of Japan (DPJ) took the view again yesterday that extending the Antiterrorism Special Measures Law beyond its Nov. 1 expiration would be desirable. He stated in a speech at the Foreign Correspondents' Club in Japan:

"Based on the (law), refueling operations of Maritime Self-Defense Force vessels in the Indian Ocean should be continued. In an attempt to fight against terrorism, Japan's continued participation in international efforts is meaningful."

8) DPJ's Maehara turns cautious about extending antiterror law

SANKEI (Page 5) (Abridged)
August 23, 2007

Seiji Maehara, a former president of the leading opposition Democratic Party of Japan (DPJ or Minshuto), met the press yesterday at the Foreign Correspondents' Club of Japan (FCCJ). Maehara suggested the need for Japan to take part in the war on terror. "But," he said, "it's not the war on terror to continue what Japan has done so far." He added, "it's about time to verify." With this, Maehara indicated that he would not be caught up in the idea of simply extending the Antiterrorism Special Measures Law, under which Japan has sent Maritime Self-Defense Force vessels to the Indian Ocean. Maehara appeared on a commercial TV program that was aired Aug. 12. On that TV show, he said the MSDF's refueling in the Indian Ocean was the "best" possible option. He has now slightly changed his stance over the issue of extending the law.

"About 75 countries are now participating in OEF (Operation Enduring Freedom), ISAF (International Security Assistance Force), or PRT (Provisional Reconstruction Team)," Maehara said. He also said, "In the sense of blocking terrorism, Japan's continued participation is important." So saying, Maehara pointed to the significance of Japan's role in the international community's Afghanistan-related antiterror drive. He also urged the government to disclose its information about the MSDF's activities. "It's important that the government racks its brains to create a situation in which our party can support (the idea of extending the antiterror law)," he said, laying the onus on the government.

9) DPJ to send parliamentary delegation to US and Europe in connection with anti-terror law issue

SANKEI (Page 5) (Full)
August 23, 2007

In connection with the issue of extending the Anti-Terrorist Special

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Measures Law, the Democratic Party of Japan (DPJ or Minshuto) yesterday began coordination on sending a parliamentary mission in Sept. to the United States and Europe in order to look into possible assistance measures for Afghanistan that would replace the oil refueling assistance now being provided by Maritime Self-Defense Force ships in the Indian Ocean. The judgment was reached that as long as the party does not indicate an alternate proposal and just opposes the extension of the anti-terror law, it will not be able to obtain the support of the Japanese public. The delegation would exchange views with government officials and others in those countries visited on such matters as the assistance measures being

sought of Japan and the results of the refueling efforts.

10) Former DPJ President Maehara: Grand coalition is almost impossible

YOMIURI (Page 4) (Full)
August 23, 2007

Former Democratic Party of Japan (DPJ) President Seiji Maehara, yesterday in a speech at the Foreign Correspondents' Club of Japan, took the negative view toward the possibility of the DPJ and the ruling Liberal Democratic Party (LDP) forming a grand coalition. He said:

"A grand coalition is 99.99 percent impossible." He then added:

"It is important for us to obtain the reins of government by creating a two-party system that would enable political change so that we will be able to carry out high-level debate on policy and national visions. We should refrain from forming an easygoing grand coalition."

11) Former defense chief Nakatani: Prime Minister Abe should resign

YOMIURI (Page 4) (Full)
August 23, 2007

Gen Nakatani, a member of the ruling Liberal Democratic Party (LDP) and former defense chief, expressed again his view yesterday that Prime Minister Shinzo Abe should step down from office. He stated in a speech in Tokyo:

"Residents in the regional areas are now living in a destructive situation since their economies and employment situation are bad. Makeshift measures, including a cabinet shuffle, are no longer working. He should reconsider the basic policy of the (government and ruling coalition) by holding an LDP presidential election."

12) LDP committee to sum up Upper House election forgoes directly referring to Prime Minister Abe's responsibility for defeat

YOMIURI (Page 4) (Full)
August 23, 2007

The Liberal Democratic Party (LDP) yesterday convened a meeting of its committee to sum up the July House of Councillors election. The members discussed in general terms the results of the election. Yoshio Yatsu, head of the Election Strategy Headquarters, chaired the committee.

The committee in its overview gave such reasons for the LDP's

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crushing defeat in the Upper House poll as: (1) a lack of crisis management by the government and ruling coalition over a set of three adverse conditions -- the pension record-keeping debacle, money-politics scandals, and controversial remarks by cabinet ministers, (2) lack of consideration for socioeconomic disparities -- the negative legacy of administrative reforms, (3) a lack of cooperation between the party's sections in charge of policy, election, and Diet affairs, and the cabinet, (4) failure in public relations strategy, and (5) weakening foundations of the party due to a drastic decrease in the number of assembly members because of mergers of municipalities, as well as the weakening of industrial associations due to administrative reforms.

Yatsu said that he would call on Prime Minister Shinzo Abe to give consideration also to the "negative part" of structural reforms, including the growing social divide. "We will make a report including suggestions so that our discussion will not end with just letting off steam," he stressed

One participant raised this view:

"It is important for the Upper House members to strengthen their own support organizations, not just to rely on Lower House members. I

think we should incorporate a proposal increasing rank-and-file party members."

The committee will hold a meeting today to discuss the matter again. It intends to submit the report to a party board meeting on the 24th and to the General Council. With an eye on the reshuffle of the cabinet slated for the 27th, the panel is expected to include a proposal that those who assuming assume cabinet posts must give accountability if they involve in money-politics scandals and if they can't do so, they must quit their cabinet posts.

Responding to the opinions heard from Diet members and senior prefectural assembly members, as well as unsuccessful candidates in the Upper House race, former defense chief Gen Nakatani, a member of the Tanigaki faction, and former Administrative Reform Minister Seiichiro Murakami, a Komura faction member, called on Abe to resign as prime minister. However, since the report fails to refer to the prime minister's responsibility for the defeat in the election, there is a possibility that views of displeasure will spread across the General Council.

13) New Komeito's local assembly members call on the party to "distance itself from Abe-led LDP"

TOKYO SHIMBUN (Page 2) (Full)
August 23, 2007

Hiroshi Shinkai

Prime Minister Abe and the Liberal Democratic Party (LDP) are both responsible for (the junior coalition partner New Komeito's) crushing defeat in the July Upper House election. The New Komeito held a meeting of representatives from its local chapters at party headquarters yesterday in order to examine the causes of the crushing defeat. In the session, some 200 local assembly members who were in attendance voiced this kind of critical view that: the party should distance itself from the LDP in preparation for the next Lower House election.

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In examining the causes of the defeat, Representative Akihiro Ota also cited the Abe cabinet's poor crisis management and its wrong priority order of policies as the causes of the (New Komeito's) defeat. Ota stressed: "From now on we will become prompt to check the cabinet."

However, there was a burst of complaints about policy cooperation with the LDP by participants. One participant argued: "Why do we have to offer excuses for the LDP's misconducts?" Another contended: "The New Komeito should reflect its own assertions in (the policy cooperation)."

A certain local assembly member complained, "In the recent election, even those who were usually in supportive of our party had strong reactions against our party," revealing that the New Komeito's power base, Soka Gakkai members also were highly discontent with the party's joining in the coalition government with the LDP. Particularly eight incumbent Lower House members elected in single-seat constituencies were strongly concerned about the recent election results that the party put up candidates in five constituencies, but that only two won seats. One Lower House member sounded an alarm, arguing, "The fate of our party hinges on the next Lower House election."

Secretary General Kazuo Kitagawa, however, stressed, "The LDP-New

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Komeito line remains firm and solid." Considering the good results produced by reforms pursued by the coalition government, Kitagawa sought the understanding of the participants, saying, "It's no good to say that everything is over because of the defeat this time."

After the meeting, one senior New Komeito member explained to reporters, "There were some who called on the party to act as it pleases, but it is unlikely that our party will leave the coalition

with the LDP." However, if the approval ratings for the Abe cabinet stay at low levels, the party would then find it difficult to contain the complaints.

14) New Komeito searching for ways to move away from Abe; Ota and others erupt with frustration at humiliating results of Upper House election

NIKKEI (Page 2) (Abridged)
August 23, 2007

The New Komeito yesterday held its national convention that brought together all party lawmakers and prefectural representatives to examine the results of the July House of Councillors election in which the ruling coalition suffered a crushing defeat. Representative Akihiro Ota voiced discontent with Prime Minister Shinzo Abe's response to a series of improprieties involving cabinet ministers, including office expense problems. Local representatives also criticized the administration. This suggested a growing mood in the party to move away from Abe. The New Komeito is likely to demonstrate its originality in policy coordination with the Liberal Democratic Party in the days ahead.

House of Representatives member Kazuyoshi Akabane pointed out the ruling coalition's failure in the election campaign to further the New Komeito's priority policies, such as social welfare. He also warned that excess cooperation with the LDP might bring about a defeat in the next Lower House election as well.

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Some local representatives also expressed the following opinions in a meeting ahead of the convention: "The campaign ended by just offering explanations (for improprieties involving cabinet ministers) instead of discussing the administrations' achievements," or "The Democratic Party of Japan played up livelihood-oriented issues in place of the New Komeito."

Ota apologized, saying: "We must frankly acknowledge the leadership's insufficient response to the perception that our party and the LDP were essentially one body. Voters expressed strong anger and dissatisfaction with the administration's poor crisis-management capability. Above all, there was a gap between the Abe administration's reform policy course and the voters' priorities."

Ota's newfound criticism of the Abe administration apparently comes from growing discontent with Abe in Soka Gakkai, the lay Buddhist organization that serves as the New Komeito's main support base. The New Komeito has given top priority to maintaining the coalition administration despite its reluctance to go along with Abe's policy goals, such as constitutional revision. The humiliating results of the July election triggered Ota's bitter reaction. If voters regard Ota as "pro-Abe," he might end up bearing the brunt of criticism from the public.

Nevertheless, chances are slim for the New Komeito to actively make moves to topple the Abe administration at this point. The party is aware that given no clear successor to Abe, destabilizing the political situation would only benefit the DPJ. The party plans to closely watch developments in the LDP for the time being, though it is not totally happy with the Abe administration.

Attention will be focused on the New Komeito's move when the option of a Lower House dissolution for a snap general election becomes a real possibility. In the closing days of the former Mori administration, which was suffering from low support ratings, the New Komeito led by Takenori Kanzaki spearheaded the drive to dump Mori. With an Upper House election drawing closer in those days, the view was prevalent that achieving a victory under Prime Minister Mori was difficult. A Soka Gakkai executive said: "A cabinet reshuffle would not be able to change the situation dramatically. We cannot fight the next Lower House election under Prime Minister Abe." In the event the Abe administration fails to regain momentum and its support ratings do not rise, the New Komeito might again initiate a drive.

15) METI to start negotiations with New Zealand for oil interchange

NIKKEI (Page 1) (Full)
August 23, 2007

The Ministry of Economy, Trade and Industry (METI) plans to create a system for interchange of oil reserves with countries close to Japan in an emergency. Under the system, countries will sell their oil reserves to each other if oil prices soar or if a certain country suffers an oil shortage because of a natural disaster or a dispute. Japan will first sign an oil stockpile agreement with New Zealand. Following New Zealand, Japan aims to consolidate the system so that oil will be interchanged within East Asia, such as China and South Korea.

In East Asia, demand for oil is on the rapid rise. If a certain country suffers an oil shortage, its economy will become unstable

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and affect other countries' economies in the region closely linked to one another through trade. METI thinks if a system for oil interchange in preparation for an emergency is established, that will help stabilize the regional economy as well as oil prices. METI also expects the system to reinforce oil stockpiling.

Japan will today start talks with New Zealand on the concluding of an oil stockpile agreement. METI Minister Akira Amari, who is visiting Singapore, will meet with the vice minister of energy of New Zealand and issue a joint statement that will specify that the two countries will begin negotiations in this regard.

Under the agreement, the countries concerned will pay in advance \$1-2 per kiloliter as an option to each other, and in an emergency, the countries concerned will exchange crude oil, light oil, and gasoline with each other. For example, in the case of New Zealand's buying oil from Japan's oil reserves, it will pay the option and the current price for oil to Japan. Japan will sell a portion of oil stockpiled in the private sector (some 42,000,000 kiloliters). Either Japan or New Zealand can refuse to interchange if they have no oil to exchange because of an oil shortage.

The European Union (EU) has a system to prevent the regional economy from becoming instable because of an oil shortage. For instance, Germany has concluded a bilateral agreement with France and Italy to interchange oil in an emergency. The amount of oil reserves in New Zealand is merely 1,700,000 kiloliters. Japan intends to call on East Asian countries, which consume a large volume of oil, during ministerial talks or on other occasions to conclude an oil stockpile agreement in the region.

16) Defense Ministry to earmark 14 billion yen for test stealth fighter

NIKKEI (Page 2) (Full)
August 23, 2007

The Defense Ministry will earmark approximately 14 billion yen in its budget request for fiscal 2008 to develop an experimental stealth fighter with advanced technologies, officials said yesterday. The experimental aircraft is a test version model for the fifth-generation fighter jet of high mobility and radar invisibility. The ministry plans research and development for a period of five fiscal years from 2008. The total cost is estimated at 50 billion yen. The new aircraft will combine Japan's own cutting-edge technologies as an indigenous base model for future production.

Japan is interested in the F-22A Raptor, an advanced stealth fighter developed by the United States, as a likely candidate for the Air Self-Defense Force's follow-on mainstay fighter. However, Japan faced difficulties in negotiating with the United States due to the F-22A's confidentiality. The Defense Ministry has therefore implied that Japan could develop its own stealth fighter. This is also aimed at urging the United States to give in. Actual development will cost a huge amount of money. Moreover, Japan's option to develop its own stealth fighter will inevitably bring about repulsion from the

United States. As it stands, Japan will go no further than to manufacture a test model.

Japan began in 1995 to research various technologies relating to fighter jets. In addition, Japan has now ended its stealth

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performance test in France to find radar reflection using a mockup.

Japan, in principle, buys fighter jets from the United States in consideration of performance and cost. The last fighter jet model of Japan's own is the F-1, a fighter support plane developed in the 1970s. Japan aimed to develop the F-2 as its follow-on model. However, there was pressure from the United States for joint development. Eventually, the F-2 was co-developed with the United States. "Whenever we say Japan will develop its own fighter plane, the United States will always come out to say something against that," a senior official of the Defense Ministry said. "Our aim is to acquire technological capability," the official added.

17) Government planning to liberalize farmland lease system FY2008

YOMIURI (Top Play) (Excerpts)
August 23, 2007

The Ministry of Agriculture, Forestry and Fisheries yesterday started discussion on the possibility of abolishing in principle current restrictions on farmland lease to corporations as a measure to encourage private firms to go into the agricultural business. Seeing the nation's food self-sufficiency ratio (calorie basis) in FY2006 dropped below 40 PERCENT for the first time in 13 years, the ministry aims to expand the scale of the farm industry and bolster its competitiveness by making use of private firms' strength. The ministry intends to include the measure as a centerpiece in a report on farmland reform due out this fall. It also plans to submit a bill amending such related laws as the law to promote the reinforcement of the basis for agriculture management to the ordinary Diet session next year, with an eye to implementing the measure in FY2008.

Sense of crisis growing on lowering food self-sufficiency ratio

(Commentary)

The Ministry of Agriculture, Forestry and Fisheries' policy of encouraging private firms to enter the agriculture sector reflects its sense of crisis on the declining food self-sufficiency rate. In order to revitalize the agricultural industry, the ministry now judges it indispensable to increase the number of core farmers.

The ministry reckons that if an increasing number of companies with enormous wealth join the farming business, its plan to expand the scale of agriculture management may be expedited. It also expects large-scale agricultural machinery to be introduced, as well as routes to food service and other industries to be expanded or newly established.

The ratio of food self-sufficiency in FY2006 was 39 PERCENT. The government has set the goal of raising the ratio to 45 PERCENT in FY2015, but the possibility remains dim. Of all farmers in the nation, those aged 65 or older accounted for 57.4 PERCENT in 2005. The area of farmland that has been left idle is about 380,000 hectares, which is equivalent to the area of Saitama Prefecture. Farm groups may raise objections to the government's new policy. To prevent farmland from being further devastated, however, the government must carry out reform, envisioning the condition of agriculture 10 to 20 years from now.

18) Birth rate drops again in first half of this year

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YOMIURI (Page 2) (Full)
August 23, 2007

According to the spot report of dynamic statistics of population released yesterday by the Ministry of Health, Labor and Welfare (MHLW), the number of babies born in the first half of 2007 (January - June) was 546,541, 2,714 fewer than in the first half of 2006. In the first half of 2006, the number increased from the same period a year ago for the first time in six years, but it marked negative growth again.

The number of childbirths was fewer than the same period a year ago from February to May. A MHLW official said: "The job market has improved owing to economic recovery, so we cannot understand why the birthrate dropped." Meanwhile, 359,925 couples got married, marking a decrease of 8,040 from the first half of 2006.

The number of divorces in June was 20,901, marking 1,073 fewer than the same month a year ago - the first drop in three months. In April and May, though, since a split system for pension payments was introduced in April, the number of divorces increased over the previous year.

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